GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1865
ANSWERED ON:03.08.2001
UNCLAIMED MUTUAL FUND DIVIDEND
DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware of the hundred crores of rupees lying unclaimed with the Mutual Fund;

(b) if so, whether the SEBI has done any study in this regard;

(c) the unclaimed dividend lying with various Mutual Funds during the last ten years;

(d) whether the Government have received any representation regarding its utilisation;

(e) if so, the details thereof; and

(f) the present status of this fund ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) & (c) : The Securities and Exchange Board of India (SEBI) has intimated that the total amount of dividends and redemptions lying unclaimed with mutual funds registered with SEBI(excluding UTI) was Rs. 496 crores approx. As on March 31, 2001. The total unclaimed income under various matured close-ended schemes of UTI was Rs.3.03 crores as on 31st March, 2001.

(d), (e) & (f) : Based on discussions with the mutual fund industry, SEBI, vide letter dated, November 24, 2000 issued guidelines to all mutual funds, including UTI, regarding the deployment of unclaimed dividends and redemptions. According to these guidelines, mutual funds should deploy these unclaimed amounts in the call money market or money market instruments only. Investors who claim these amounts within a period of three years from the due date would have to be paid at the prevailing net asset value.

After a period of three years, the funds can transfer this amount to a pool account and investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education.